



An International Center for Soil Fertility and Agricultural Development

Agri-Input Market Development in Azerbaijan
Quarterly Report
February to April 2002

Submitted by

International Fertilizer Development Center
P.O. Box 2040
Muscle Shoals, AL 35662, USA

to

United States Agency for International Development

Contract Number
112 – A – 00-02-00005-00

May 2002

Abbreviations

AMDA	Agri-Input Market Development in Azerbaijan
AN	Ammonium Nitrate
COP	Chief of Party
CPC	Crop Protection Chemicals
DAP	Diammonium Phosphate
ha	Hectare
IFDC	International Fertilizer Development Center
Manat	Azerbaijan Currency (1 US \$ ~ 4,830 Manat)
SO	Strategic Objective
SSP	Single Super Phosphate
TTC	Technology Transfer Center
USAID	United States Agency for International Development
VAT	Value Added Tax

Introduction

USAID awarded IFDC a Cooperative Agreement on January 30th, 2002 to implement the Agro-Input Market Development in Azerbaijan (AMDA) project. The three-year \$3.1 million project is designed to advance USAID Strategic Objective 1.3 – Accelerated Development and Growth of Private Small and Medium Enterprises - in the targeted four regions of Masalli, Guba, Ganja, and Sheki.

The AMDA project will directly contribute to SO 1.3 result indicators by increasing the trade in fertilizer, seed, CPC and animal feed; supporting agro-input dealer enterprises and helping them establish an effective and sustainable trade association; assisting clients to gain access to credit and investments, and introducing new products.

A week after USAID formal approval of the project, IFDC fielded a project start-up team. By mid-March the Chief of Party (COP), Manfred Smotzok, and Deputy COP, Dr. Ylli Bicoku, were on board and the new office was functioning. USAID and its SO 1.3 partners provided valuable logistical support and advice. Administration staff had been recruited. Staff for the two positions of Credit and Financing Specialist as well as Business Development Specialist had been employed. The Technical Training, Transfer and Extension Service Officer will take up his position in August. Due to insufficient response on the first advertisement a second round of applicants were invited for the positions of Association Building and Development Officer and Media Officer.

The first year Work Plan was submitted within the given period after project launch as required in the Cooperative Agreement and accepted by USAID Baku.

The team has been meeting with agro-input dealers in the four regions and introduced the project purposes. In Guba and Masalli regions field demonstration sites had been selected and the first demonstrations started. As business and personal relationships are inter-twined, the project emphasizes on gaining the trust of the agro-input dealers as a first priority.

The next step is to identify and begin developing the entrepreneurial base that can provide private sector supply and distribution of agro-inputs to the farmers.

Activities of the First Quarter Work Plan

Operations

- ⇒ Register the project with the government institutions – NOT COMPLETE. Documentation has been submitted to the Azerbaijan Cabinet of Ministers. No reply until now. After approval of Cabinet of Ministers the Ministry of Justice has to be approached for registration documents.
- ⇒ Establish office, communications and logistics – Completed as of March 2002.
- ⇒ Hiring Azerbaijan staff. Partly completed. Administration staff and the two senior positions for Business Development and Training as well as Credit and Finance are under three month probation period. The Technical Training, Transfer and Extension Service Officer will start in August. Local Liaison Officer for Ganja region employed under probation. The two senior positions for Association Development and Training as well as Media are for second round of discussion. The present staff consists of two women and four men representing Azerbaijan, Russian and Macedonian ethnic backgrounds. Language skills include Azerbaijan, Russian, and English. Two drivers with cars and a cleaner are hired on part time basis. Purchase of project, office equipment and cars NOT COMPLETED due to insecure refund of VAT expenses.

Management

- ⇒ Finalized first year work plan and submitted to and accepted by USAID Baku.
- ⇒ Proposed IR and definitions still to be discussed with USAID Baku in second quarter.
- ⇒ Established contacts and working relation ships with relevant USAID partners and other donor programs. First round completed, however, further discussions to be held in second quarter.
- ⇒ Job description and personnel policies for staff completed and handed over to staff.
- ⇒ The AMDA project summary was written, translated into Azeri, published as a project brochure and distributed to potential clients/dealers.
- ⇒ Azeri and English copies of the AMDA project summary were given to various donor organizations.

Program

Activities performed during the first quarter period of February to April 2002.

Business Development

The four regions were visited and dealers invited to be introduced to AMDA Project and its purposes. Some general information was collected. A detailed questionnaire will be developed in the second quarter as to gain more background information of the individual businesses.

Access to Credit and Finance

A format has been elaborated to collect information about the various organizations providing agricultural credit. Some of the credit organizations have already been visited. During the second quarter a compendium about credit institutions and their conditions will be available.

Association Building

- Identified entrepreneurs and key individuals and explaining in which ways the project could assist them. The process started first week of March. During this period 53 dealers (importers, wholesalers, retailers) were met and over 20 suppliers identified who will form the core group of an agro-input dealer trade association.
- During discussions most dealers indicated interest in collaboration with the project to address common problems, undertake joint technical training and obtain access to market information. The dealers understand that there is potential to expand their businesses and they see benefits in cooperating on some issues with competitors.
- A questionnaire is prepared to collect baseline data from dealers regarding their activities, constraints, potential etc. Interviews will start in second quarter.

Technical Training, Transfer, and Extension Services

a) Demonstrations

The use of inputs (CPC and fertilizer use and different varieties of tomatoes seeds) as basic tools in improvement agribusiness performance and private extension service was organized in Technology Transfer Centers (TTCs) for the two regions of Guba and Masalli. Nearly all dealers do not provide technical information to their customer farmers. Demonstrations are organized in collaboration with agriculture input dealers and implemented on their farms.

- The TTC in Guba concentrates on apples with following objective: Testing of 6 different types of CPC. The demonstration surface is 0.6 ha (started in March).
- The TTC in Masalli concentrates on open field tomatoes with following objective: Testing of 6 varieties of tomatoes and 4 different levels of fertilizer application (AN and K_2SO_4). The demonstration surface is 0.2 ha (started end of April). Soil testing was done and the recommendations for fertilizer applications followed.

b) Leaflets

- Practical instructions for soil testing were prepared and will be printed next quarter. Dealers and farmers do not know where to send soil samples for testing. From 1990 onwards hardly any soil testing had been done.

c) Fertilizer testing

- Three samples of AN and one sample of phosphate fertilizers were tested in the Crop Institute Laboratory in Baku. The same samples were sent to Albania for independent verification. The results were satisfied for AN imported from Russia (32%) and fair for the AN imported from Georgia (27%). With interest were the results of the phosphate fertilizers bought in Ganja. The dealers were talking for triple SSP, but in fact is a kind of DAP (18:36).

d) Service to Dealers

- A dealer in Khachmas/Guba was helped for which kind of raticide (rat poison) to use in his apple farm.
- Information regarding the use of a pesticide (Topic) was provided to four dealers in Ganja for better use and improved results.
- Five dealers from Jelalabad/Masalli area were helped to get information about German potato seed.

Fertilizer

Ammonium nitrate (AN) from Georgia (poor quality-27%) and Russia is widely available (at a price of 700 Manat/kg). There is little quantity of phosphate from the Sumgayit plant (poor quality ~ in 12%), locally produced potassium some years ago and N-P-K (15%:15%:15%), however, the price is very high at 2,000 Manat/kg.

Seed

Most seed used in Azerbaijan is saved by the farmers themselves and, though outdated, could be improved through cleaning and testing.

There are a few importers of vegetable and potato seed doing business from Turkey and the Netherlands. In tomatoes, for instance, still a lot of Russian varieties are used.

Crop Protection Chemicals

There are three major companies — EMA, AGROKIMYA and TOUVZ-BALTICA - importing CPC from Turkey, Russia and other European Countries. CPC applications are not conform with regard to safe handling procedures and equipment is not adequate for precision application and environmental protection.

APPENDIX 1

Contact List

USAID Office

William D. McKinney, Country Coordinator
Dr. Thomas M. Olson, Deputy Country Coordinator
Peter Duffy, Private Sector Development Advisor
Rena R. Effendi, Project Management Specialist

American Embassy

Michael Lally, Commercial Attaché, Baku
Robert Hanson, Agricultural Attaché, Ankara Turkey
James Seward, Public Affairs Officer, Baku

USAID Partners

David Blood, Land O' Lakes. Country Director
Jeton Starova, Land O' Lakes, Deputy Program Manager
Jim White, Land O' Lakes, Association Development Advisor
Gurbanali Alekbarov, Land O' Lakes, Association Development Specialist
Kenul Ismailova, Land O' Lakes, Market Information Specialist
Eldeniz Osmanov, Land O' Lakes, Guba Field Representative

Robert Turner, ACDI/VOCA, Regional Director Caucasus FTF
Ismail Rafiyev, ACDI/VOCA, Deputy Director Azerbaijan FTF
Elchin Alimardanov, ACDI/VOCA, Project Assessment Specialist
Matt Weber, ACDI/VOCA, Economic Opportunities for Central Azerbaijan, Project Director

Colin Maddock, International Rescue Committee, Economic, Development Advisor
Vagif Gadzhiyev, International Rescue Committee, Monetization Manager

Margo Squire, Eurasia Foundation, Country Director
Lala Rzayeva, Eurasia Foundation, Senior Program Officer

Other Donors

Marcel Schwickert, German Agency for Technical Cooperation, Project Coordinator

NGOs and other local organizations

Faik Nadirov, Agro Meslehet, Executive Director

Alekper Mammadov, National Confederation of Entrepreneurs (Employers') Organization

Amin H Babayev, Ganja Agrobusiness Association (GABA), President

Research Institutes

Ahmedov Mohtasim Guresh, Institute of Agriculture, Deputy Director

Vegetable Institute

Arboriculture Institute

Agricultural Input Companies

EMA, BAKU

Mamed J. Mamedov, AgroKymia, President, Baku

Touvz Baltica, Touvz

Dealers and

Guba: 12 dealers

Masalli: 18 dealers

Sheki: 15 dealers

Ganja: 8 dealers

Total: 53